



State of Utah

Department of
Natural Resources

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Executive Director

Division of
Oil, Gas & Mining

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Governor

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Lieutenant Governor

October 13, 2004

Jean Smith and Jim Kelsey
Ruby Red Mining Company, LLC
Box 365
Delta, Utah 84624

Subject: Receipt of Permit Fee and Removal from Suspension Status, Ruby Red Mine, S/027/068, Millard County, Utah

Dear Ms. Smith and Mr. Kelsey:

On August 10, 2004, the Division notified you that your small mining operation was placed in suspension for failure to pay the required permit fees for year 2004. On October 12, 2004, we received your delinquent permit fee payment and letter; therefore, your mine status is no longer listed as being in suspension and you may continue mining activities as before at the Ruby Red /Wheeler #3 site.

Permit fees are required annually (by the last Friday in July) until the site has been completely reclaimed and you have received written notification from this office that the permit is officially closed.

Nonpayment of permit fees suspends an operator's right to mine. With the new enforcement rules now in place, notices of violation can be issued and penalties assessed for nonpayment of permit fees, or other violations of the Mined Land Reclamation Rules. We hope to avoid taking enforcement action against mine operators. Payment of the permit fee by the due date will alleviate the violation for nonpayment of fees. Thank you for submitting the permit fee for the Ruby Red site to keep your mine permit in good standing .

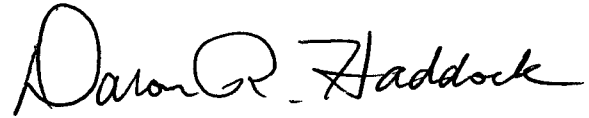
Your letter also asked that we inspect and close out the Cotton Blossom #4 (S/023/063). We have already closed the Cotton Blossom file. After being informed by the BLM that your notice had expired and they had inspected the site and found reclamation was satisfactorily completed, we sent you a letter on June 1, 2004 informing you that we would also close our file, per the BLM

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recommendation. You were informed in that June letter that if you wanted to resume mining activity at this site, you would have to resubmit a new notice.

If you have any other questions in regard to this letter, please contact me or Tom Munson at (801) 538-5235 and 538-5321 respectively.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" and last name "Haddock" clearly legible, and "R." as a middle initial.

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:jb
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